

### DIRECTORS AND OFFICERS

### Directors

RANDOLPH CATLIN

R. F. COPPEDGE

A. J. FINK

Frank J. Humphrey, Jr. N. Baxter Jackson

ROBERT W. JAMESON

HARRY O. LATHAM

WILLIAM L. LESS

F. W. PAUL

LEONARD SPANGENBERG

EUGENE W. STETSON

### Executive Committee

ROBERT W. JAMESON, Chairman

R. F. COPPEDGE

A. J. FINK

F. W. PAUL

EUGENE W. STETSON

LEONARD SPANGENBERG

## Officers

#### R. F. COPPEDGE, Chairman of the Board of Directors

F. W. PAUL	President
G. C. CHAMBERS Vice	President
R. A. Vroom Vice	President
M. O. Hill Vice	President
T. C. LAWRENCE Financial Vice Pres. & Secretary-	Treasurer
Н. Н. Возсн	mptroller

General Counsel	Sullivan & Cromwell, New York, N. Y.
Auditors	S. D. Leidesdorf & Co., New York, N. Y.
Transfer Agent	Guaranty Trust Company of New York
Registrar	
Common Stock	Bankers Trust Company, New York, N. Y.
Preferred Stock Chemica	al Bank & Trust Company, New York, N. Y.
General Office	1107 Broadway, New York, N. Y.

# Comparative Summary of 1951, 1950 and 1949

	1951	1950	1949
Sales	\$104,222,322	\$98,665,602	\$95,767,297
WAGES AND SALARIES (including payroll			
taxes and employee benefits)	18,363,555	17,381,588	16,839,003
FEDERAL TAXES ON INCOME	3,740,000	3,540,000	2,755,000
NET INCOME	4,089,481	5,265,179	4,831,191
CASH DIVIDENDS PAID ON			
Preferred Stock	209,674	210,000	210,000
Common Stock	2,851,142	3,135,662	2,850,602
Númber of Stockholders at end			
OF YEAR	6,308	5,828	6,056
Expenditures for Property			
AND EQUIPMENT	3,898,986	2,844,561	4,323,550
Provision for Depreciation			
AND AMORTIZATION	1,252,196	1,130,796	950,522
EARNINGS PER SHARE OF COMMON STOCK			
(reflecting 2 for 1 Split April 1951)	1.70	$2.21\frac{1}{2}$	$2.02\frac{1}{2}$

### REPORT TO STOCKHOLDERS

February 14, 1952

#### TO THE STOCKHOLDERS:

There is submitted herewith a report on the operations of the McCrory Stores Corporation for the year ended December 31, 1951 together with a comparative Balance Sheet and comparative statement of Income and Surplus. Summarized on the opposite page are some important aspects of the 1951 operations compared with those of 1950 and 1949.

Sales of \$104,222,322 exceeded the sales for 1950 by 5.6% and for the first time in the history of the Company were in excess of 100 million dollars.

Earnings amounted to \$4,089,481 equal to \$1.70 per share of common stock which compares with \$2.21½ earned in 1950 after giving effect to the two for one split of common stock in April 1951. Federal Income Taxes continued to take a large share of the company's earnings and in the year 1951 exceeded the amount paid to common stockholders.

After giving effect to the two for one split of common stock the dividends paid during 1951 amounted to \$1.25 per share which represented 73% of the company's earnings as compared with  $$1.37\frac{1}{2}$$  per share in 1950 or 62% of earnings.

The 3½% Preferred Stock is convertible at the option of the respective holders into 5 shares of common stock for each share of preferred stock, and 299,465 shares of common stock are reserved for issuance upon conversion. During the year, 535 shares of common stock were issued for 107 shares of preferred stock and the excess of the par value of the preferred stock over common stock was credited to Capital Surplus.

Expenditures during 1951 for new stores and for expansion and development of old stores amounted to approximately \$3,900,000. New stores were opened in the latter part of the year at Waycross, Ga., Ft. Bragg, N. C., and El Dorado, Ark. The store at Johnson City, N. Y. was relocated and the stores at Bristol, Tenn., Staunton, Va. and Galveston, Texas were completely rebuilt. Nine stores in seven different states were enlarged and new air-conditioning equipment was installed in three large stores. In addition to the work completed on the aforementioned nineteen stores work has progressed on nine additional stores to the point where it is hoped that they will be completed and in operation during the first half of 1952. Of the nine stores to be completed in 1952, four will be new stores, three enlarged stores and two relocated.

At the end of 1951 working capital amounted to \$14,265,850 as compared with \$15,951,695 at December 31, 1950. As indicated in the

### REPORT TO STOCKHOLDERS

tabulation below a very substantial factor in the decrease in working capital is represented by the excess of expenditures for capital assets over annual charges for depreciation and amortization.

#### WORKING CAPITAL SUMMARY

Working Capital—January 1, 1951		\$15,951,695
Additions to Working Capital:		
Net Income for 1951	\$4,089,481	
Amortization and depreciation	1,252,196	
		5,341,677
		\$21,293,372
DEDUCTIONS FROM WORKING CAPITAL:		
Cash dividends on Preferred and Common Stock	\$3,060,816	
Capital Assets (expenditures for new and		
remodelled stores, etc.—Net)	3,898,986	
Increase in deferred charges, etc.	67,720	
		7,027,522
Working Capital—December 31, 1951		\$14,265,850

The Board of Directors again wishes to express to all those concerned with the operations of the company their appreciation for their continued cooperation and devotion to the company's interests.

-BY ORDER OF THE BOARD OF DIRECTORS

R. F. COPPEDGE, Chairman

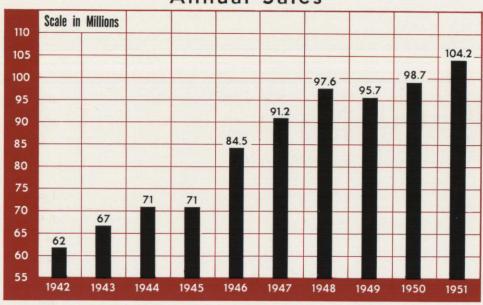
R, J. Chedge

File Paul

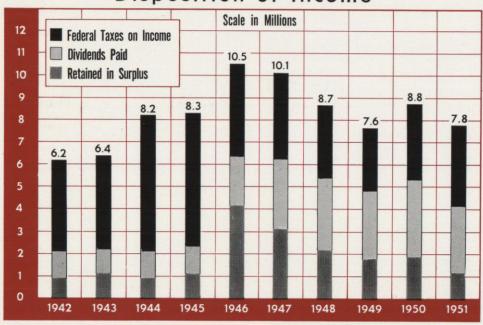
F. W. PAUL, President

## SALES AND INCOME GRAPHS

Annual Sales



Disposition of Income



### ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS
McCRORY STORES CORPORATION
NEW YORK, N. Y.

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1951 and the related statement of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

Certified Public Accountants

New York, N. Y., February 14, 1952

Mc Crory Stor

BALANCE SHEET as at De

#### ASSETS

CURRENT ASSETS:	1951	1950
Cash on hand, in banks and in transit	\$ 8,777,776	\$ 7,642,202
U. S. Government obligations—at par	_	1,000,000
Merchandise inventories—Note A	13,372,628	15,678,387
Miscellaneous accounts receivable, less reserve	743,624	96,227
Total Current Assets	22,894,028	24,416,816
FIXED ASSETS:		
Real estate, at adjusted value December 31, 1936 and subsequent additions at cost	6,190,745	6,196,008
Furniture and fixtures, equipment and utensils, at cost	11,501,638	9,967,392
Improvements to leased property, at adjusted value January 1, 1936 and subsequent		
additions at cost	14,565,750	12,602,069
	32,258,133	28,765,469
Less: Reserves	9,871,605	8,965,332
Total Fixed Assets	22,386,528	19,800,137
Deferred Charges:		
Prepaid rents, insurance, taxes,		
store supplies, etc.	1,097,094	968,975
	\$46,377,650	\$45,185,928

#### NOTES TO FINAN

Financial Statements as at or for the year ended December 31, 1950 are included for comparative purposes only.

A The second of		
Note A—	1951	1950
Merchandise at Stores:		
Inventories at the lower of cost or market based upon the		
retail method of inventory valuation	\$10,858,782	\$12,307,114
Inventories at cost—Restaurants		113,644
Merchandise at Warehouses—at cost	852,201	1,188,580
Merchandise in Transit—at cost	1,542,920	2,069,049
	\$13,372,628	\$15,678,387

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

Note B-

The  $3\frac{1}{2}\%$  Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$104.00 per share, plus accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation is entitled to \$100.00 per share and accrued dividends.

### COMPARATIVE BALANCE SHEET

# s Corporation

mber 31, 1951 and 1950

LIABILITIES		
CURRENT LIABILITIES:	1951	1950
Accounts payable—including merchandise in transit	\$ 3,882,499	\$ 3,278,387
Accrued expenses, taxes, rents, salaries, etc.	3,753,565	3,505,765
Reserve for Federal taxes on income	3,992,114	3,680,969
Less: U. S. Treasury Notes	(3,000,000)	(2,000,000)
Total Current Liabilities	8,628,178	8,465,121
Capital Stock and Surplus — Notes B, C and D: Preferred Stock—par value \$100.00 per share: Authorized 80,000 shares 3½% Series—Cumulative Convertible Outstanding 59,893 shares—1951 60,000 shares—1950 Common Stock—par value \$.50 per share: Authorized 2,800,000 shares	5,989,300 —	6,000,000
Issued and outstanding 2,281,017 shares—1951	1,140,508	-81
*2,280,482 shares—1950	-	1,140,241
Capital Surplus	7,723,474	7,713,041
Earned Surplus (since January 1, 1936)	22,896,190	21,867,525
	37,749,472	36,720,807
	\$46,377,650	\$45,185,928

#### AL STATEMENTS

Note C-

In April 1951, the Corporation authorized a two for one split of its Common Stock and changed the par value from \$1.00 per share to \$.50 per share. Of the total of 2,800,000 shares of Common Stock authorized 299,465 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

Note D-

Pursuant to certain restrictions in connection with the authorization of  $3\frac{1}{2}\%$  Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1951 in the approximate amount of \$16,000,000 is not available for dividends on the Common Stock.

GENERAL-

At December 31, 1951 the minimum annual rentals upon property leased to the Corporation under 257 leases expiring after December 31, 1954, amount to approximately \$3,150,000, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to final determination of Federal and state taxes.

<sup>\*</sup> Number of shares of Common Stock as at December 31, 1950 has been adjusted to reflect 2 for 1 split during April 1951.

# Statement of Income and Surplus

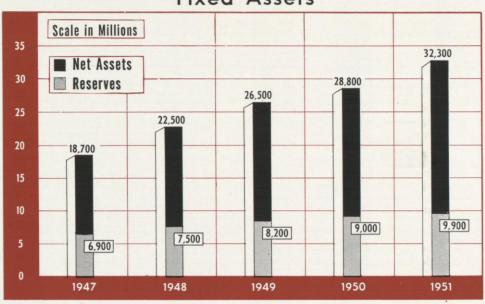
For the Years Ended December 31, 1951 and 1950

	1951	1950
SALES (merchandise, restaurant and concession)	\$104,222,322	\$98,665,602
Cost of goods sold and operating expenses including occupancy and general and		
administrative expenses	95,388,318	89,070,973
	8,834,004	9,594,629
OTHER INCOME: Income from sale of store property	35,486	215,790
Miscellaneous income, less other deductions	212,187	125,556
	247,673	341,346
Net income before depreciation, amortization		
and Federal taxes on income	9,081,677	9,935,975
Depreciation and amortization	1,252,196	1,130,796
Net income before Federal taxes on income	7,829,481	8,805,179
Provision for Federal taxes on income	3,740,000	3,540,000
NET INCOME	4,089,481	5,265,179
Earned Surplus (since January 1, 1936) as at December 31, 1950 and 1949	21,867,525	19,948,008
	25,957,006	25,213,187
Dividends paid on: Common Stock—\$1.25 per share in 1951	2,851,142	2.125.662
$1.37\frac{1}{2}$ per share in 1950		3,135,662
Preferred Stock	209,674	210,000
	3,060,816	3,345,662
Earned Surplus (since January 1, 1936) as at Dec. 31, 1951 and 1950—Note D	\$ 22,896,190	\$21,867,525
Capital Surplus as at December 31, 1950 and 1949	\$ 7,713,041	\$ 7,713,041
Excess of par value of 107 shares of $3\frac{1}{2}\%$ Cumulative Convertible Preferred Stock over par value of 535 shares of Common Stock issued upon conversion	10,433	
CAPITAL SURPLUS as at December 31, 1951 and 1950	-	\$ 7.712.041
CAPITAL SURPLUS as at December 51, 1951 and 1950	\$ 7,723,474	\$ 7,713,041

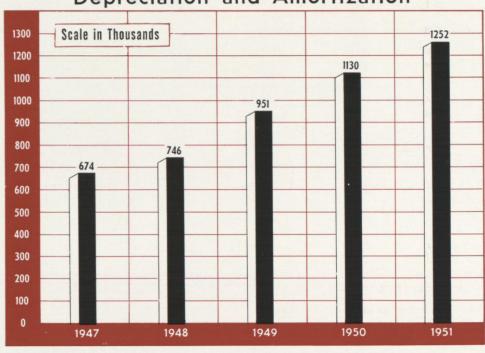
The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

## FIXED ASSETS GRAPHS

Fixed Assets



Depreciation and Amortization



# Ten Year Summary \_\_\_\_

	1951	1950	1949
Sales	\$104,222	\$98,665	\$95,767
Cost of Sales, including occupancy expenses	71,011	66,140	65,137
Selling, general and administrative expenses	24,378	22,930	22,249
Depreciation and amortization	1,252	1,130	951
Other Income less other deductions	248	340	156
Net Income Before Federal Taxes	7,829	8,805	7,586
Federal Taxes on Income	3,740	3,540	2,755
Net Income	4,089	5,265	4,831
Cash Dividends on Preferred Stock	210	210	210
Cash Dividends on Common Stock	2,851	3,135	2,850
*Net Income per share of Common Stock	1.70	$2.21\frac{1}{2}$	$2.02\frac{1}{2}$
*Cash Dividends per share of Common Stock	1.25	$1.37\frac{1}{2}$	1.25
Number of Stores	206	205	201

### Balance Sheet as

ASSETS	1951	1950	1949
Cash and U.S. Government Securities	\$ 8,778	\$ 8,642	\$10,876
Merchandise Inventories	13,372	15,678	11,407
Miscellaneous Accounts Receivable	744	96	48
Total Current Assets	22,894	24,416	22,331
Fixed Assets (less depreciation and amortization)	22,387	19,800	18,316
Deferred Charges, etc.	1,097	968	909
Total Assets	46,378	45,184	41,556
LIABILITIES AND CAPITAL			
Accounts Payable and other Liabilities	7,636	6,784	6,004
Federal Taxes On Income	3,992	3,680	2,870
Less: U.S. Treasury Notes	(3,000)	(2,000)	(2,120)
Total Current Liabilities	8,628	8,464	6,754
Long Term Debt			
Preferred Stock	5,990	6,000	6,000
Common Stock (including surplus)	31,760	30,720	28,802
Total Liabilities and Capital	46,378	45,184	41,556
Net Working Capital	14,266	15,952	15,577
*Net Worth per share of Common Stock	13.92	13.47	12.63

<sup>\*</sup> Number of shares of Common Stock has been adjusted to reflect 2 for 1 split during April 1951.

# TEN YEAR SUMMARY

					nent of S	ncome of dollars)
1948	1947	1946	1945	1944	1943	1942
\$97,588	\$91,225	\$84,509	\$71,282	\$71,324	\$67,351	\$62,613
66,088	61,336	56,645	48,182	48,433	47,010	43,121
22,139	19,569	16,999	14,060	13,932	13,162	12,388
746	674	651	667	712	736	731
74	407	324	(91)	(64)	(80)	(188)
8,689	10,053	10,538	8,282	8,183	6,363	6,185
3.200	3,750	4,000	5,910	6,000	4,075	4,000
5,489	6,303	6,538	2,372	2,183	2,288	2,185
210	210	205	225	300	300	300
3,193	3,022	2,280	995	990	990	990
$2.31\frac{1}{2}$	2.67	$2.77\frac{1}{2}$	1.00	.95	$1.00\frac{1}{2}$	.95
1.40	$1.32\frac{1}{2}$	1.00	.50	50	.50	.50
202	199	199	199	203	201	202
at Decem	1947	1946	1945	1944	1943	1942
		THE REAL PROPERTY.				
\$12,195	\$15,003	\$15,632	\$14,197	\$13,660	\$10,362	\$ 8,070
11,379	11,908	8,271	5,131	5,698	8,137	10,384
114	190	101	189	45	44	22
23,688	27,101	24,004	19,517	19,403	18,543	18,476
14,983	11,809	10,744	10,285	10,850	11,293	11,916
1,142	1,133	1,124	809	1,294	924	861
39,813	40,043	35,872	30,611	31,547	30,760	31,253
6,517	8,339	5,842	4,511	4,458	3,608	4,714
3,265	3,759	4,469	6,326	6,654	4,250	4,000
(3,000)	(3,000)	(3,500)	(3,320)	(3,100)		
6,782	9,098	6,811	7,517	8,012	7,858	8,714
		72		2,625	2,885	3,520
6,000	6,000	6,000	6,000	6,000	6,000	6,000
27,031	24,945	22,989	17,094	14,910	14,017	13,019
39,813	40,043	35,872	30,611	31,547	30,760	31,253
16,906	18,003	17,193	12,000	11,391	10,685	9,762
$11.85\frac{1}{2}$	10.94	10.08	8.24	7.53	$7.07\frac{1}{2}$	6.571/2

## 206 McCRORY STORES

#### 206 McCRORY STORES...

Arkansas (3) Eldorado Fort Smith Jonesboro  Has (cont.)  Kentucky (2)  Kentucky (2)  Kentucky (2)  Missouri (1)  St. Louis  St. Louis  St. Louis  New Jersey (12)  New Jersey (12)  Asbury Park  Atlantic City	
Lake City Lakeland Leesburg  Live Oak Melbourne Miami Miami Beach Melbourne Miami Miami Beach Melbourne Miami Miami Beach	
Lake City Lakeland Leesburg  Arkansas (3)  Eldorado Miami Fort Smith Miami Beach  Louisiana (3)  Asbury Park  Atlantia City	
Lakeland Leesburg  Arkansas (3)  Eldorado  Fort Smith  Miami Miami Beach  Louisiana (3)  Asbury Park  Atlantia City	
Arkansas (3) Live Oak  Eldorado Miami Fort Smith Miami Beach Louisiana (3) Asbury Park  Atlantia City	
Eldorado Miami Fort Smith Miami Beach Louisiana (3) Asbury Park	
Eldorado Melbourne Miami Fort Smith Miami Beach Louisiana (3) Asbury Park	
Fort Smith Miami Beach Louisiana (3) Asbury Park	
Ionochoro Miami Beach Atlantia City	
Jonesboro A Atlantic City	
New Smyrna Lalayette	
Ocala New Orleans Burlington	
Orlando 1626 Dryades St. Camden 1005 Canal St.	
Palatka	
Connecticut (1) Panama City Jersey City	
Danbury Plant City Newark	
Punta Gorda Orange	
Quincy Passaic	
Sanford Maryland (8) Perth Amboy	
Delaware (1) Sarasota Baltimore Union	
St. Augustine Cambridge	
Dover St. Petersburg Crisfield	
Tallahassee Cumberland	
Wauchula Easton	
West Palm Beach Frederick	
Dist. of Col (1) Winter Haven Hagerstown New York (8)	
Washington Salisbury Bay Shore, L. I.	
Brooklyn	
Johnson City	
Georgia (8)  Long Island City	
Florida (37) Atlanta New York City	
Bainbridge Niagara Falls	
Arcadia Columbus Massachusetts (2) Rego Park	
Bartow Cordele New Bedford Syracuse	
Savannah 1115 Acushnet Ave.	
Clearwater Tifton 1009 S. Water St.	
Daytona Beach 128 S. Beach St.	
814 Main St. Waycross	
Deland	
Fort Lauderdale North Carolina (5)	,
Fort Myers Dunn	
Fort Pierce Indiana (3) Mississippi (3) Fayetteville	
Gainesville Anderson Gulfport Fort Bragg	
Homestead Indianapolis Jackson Roanoke Rapids	
Jacksonville Terre Haute McComb Tarboro	

## IN TWENTY-THREE STATES\*

#### ...IN TWENTY-THREE STATES\* -

Ohio (9)	Pa. (cont.)	South Carolina (8)	Texas (cont.)
Canton	Greensburg	Aiken	Taylor
Cleveland	Hanover	Chester	Terrell
Dayton	Homestead	Columbia	Waco
East Liverpool	Huntingdon	Gaffney	Wichita Falls
Hamilton	Indiana	Georgetown	10
Kent	Johnstown	Greenwood	
Springfield	Kane	Newberry	
Steubenville	Lancaster	Rock Hill	
Youngstown	Lebanon		
	Lewistown		Virginia (8)
	Monongahela		
	Mt. Pleasant		†Arlington
	Patton		Cape Charles Charlottesville
Pennsylvania (56)	Philadelphia 1205 Market St.	Tennessee (4)	Front Royal
Allentown	919 Market St.	Bristol	Harrisonburg
Altoona	Philipsburg	Kingsport	Pulaski
Barnesboro	Pittsburgh	Morristown	Staunton
Bethlehem	314 Fifth Avenue	Oak Ridge	Winchester
Bradford	Portage		
Bristol	Pottstown		
Brookville	Punxsutawney		
Canonsburg	Reading		
Carlisle	Reynoldsville		
Carnegie	Ridgway		West Virginia (11)
Chambersburg	Scottdale	Texas (14)	Charleston
Charleroi	Scranton	Big Spring	Clarksburg
Chester	Somerset	Corpus Christi	Fairmont
Clearfield	South Fork	Denton	Grafton
Connellsville	Tyrone	Fort Worth	Huntington
Cresson	Vandergrift	Galveston	Mannington
Donora	Waynesboro	Hillsboro	Martinsburg
DuBois	Waynesburg	McAllen	Morgantown
Ebensburg	Wilkes-Barre	Nacogdoches	New Martinsville
Emporium	Windber	Palestine	Parkersburg
Franklin	York	San Antonio	Wheeling

<sup>\*</sup>And the District of Columbia.

<sup>†</sup>Stores contemplated or under Construction. Stockrooms at New York, N. Y. and Huntingdon, Pa.



